

Milwaukee County Procurement Process



Report Out

September 29, 2014

The Team



The Team



Name	Title	Department
Carsten Peterson	Buyer	Procurement
Milena Durutovic	Adm Spec	Procurement
Stephanie Gulizia	Contracts Administrator	Procurement
Kelly Solomon	Adm Spec	Facilities
Kathy Angeli	Contract Payment Specialist	Facilities
Karen Freiberg	Accounting Manager	Airport
Laura Schloesser	Exdir2-Chief of Extrenal Affairs	Parks
Paul Corrao	Park Unit Coordinator 2	Parks
Lynn Fyhrlund	IT Consultant	IMSD
Gil Simpson	IT Manager Applications	IMSD
Angelito Dominguez	Business Analyst	IMSD
Eileen Rossow	Analyst Business Systems	Central Accounts Payable
Ayçe Chiappetta	Sr Budget Analyst	Performance Strategy Budget

Current Status Assessment



Fiscal Year 2013				
	Price Agreements	Department POs	Traditional POs	Total
		<i>less than \$2K</i>	<i>over \$2K</i>	
	<i>PGs</i>	<i>PDs</i>	<i>PCs</i>	
Total Amount	\$ 44,208,575	\$ 4,885,192	\$ 31,405,045	\$ 80,498,812
Volume	11,450	9,425	1,789	22,664
No of Price Agreements	2,703			

high volume & big spend = opportunities

←
Process

- Manual paper intensive
- Limited visibility of approval process
- Knowledge burden on requestor
- 28.6 days requisition to purchase order

→
Supplier Management

- Leveraging county spent
- Increased contract compliance through “preferred” vendor visibility via price catalogs
- Consolidation of multiple price agreements with the same vendor

Team Expectations



- Understand and learn the procurement process and flow
- Identify ways to improve the process and use in future
- Use future state mapping as a guide for e-procurement implementation
- Participate



Project Charter



Project Charter

Project Name

Procurement: Chapter 32 Acquisitions for Goods & Services

Project Description

Review of current procedures, identification and implementation of process improvements for the acquisition of goods and services from the point of need to receipt of goods

Project Sponsor

Patrick Lee

Project Leader

Ayçe Chiappetta

Principle Stakeholders

Requesting Department, Procurement, Taxpayer

Date Chartered	Project Start Date	Target Completion Date
8/6/2014	9/16/2014	12/31/2014
Process Bounds	Start Point Requestor identifies the need to purchase goods or services	Stop Point Receipt of invoice by Accounts Payable
Out of Scope		
3-way match (receipt, purchase order, invoice); inventory management		

Process Importance - Business Need for Improvement

Process has redundancies and requires streamlining. Procurement would like to add additional value to the process to save money for the County. The process is paperwork intensive. There may be an opportunity to incorporate industry best practices throughout the process. Approximately on an annual basis 23,000 purchase orders are created, mailed, distributed then filed.

Process Problem

Prices for goods and services should be reviewed earlier in the process to save money. There is "no best way" to perform the process and a standardized process should be implemented. Limited ability for the frontline requestor to know of price opportunities based upon negotiated price agreements.

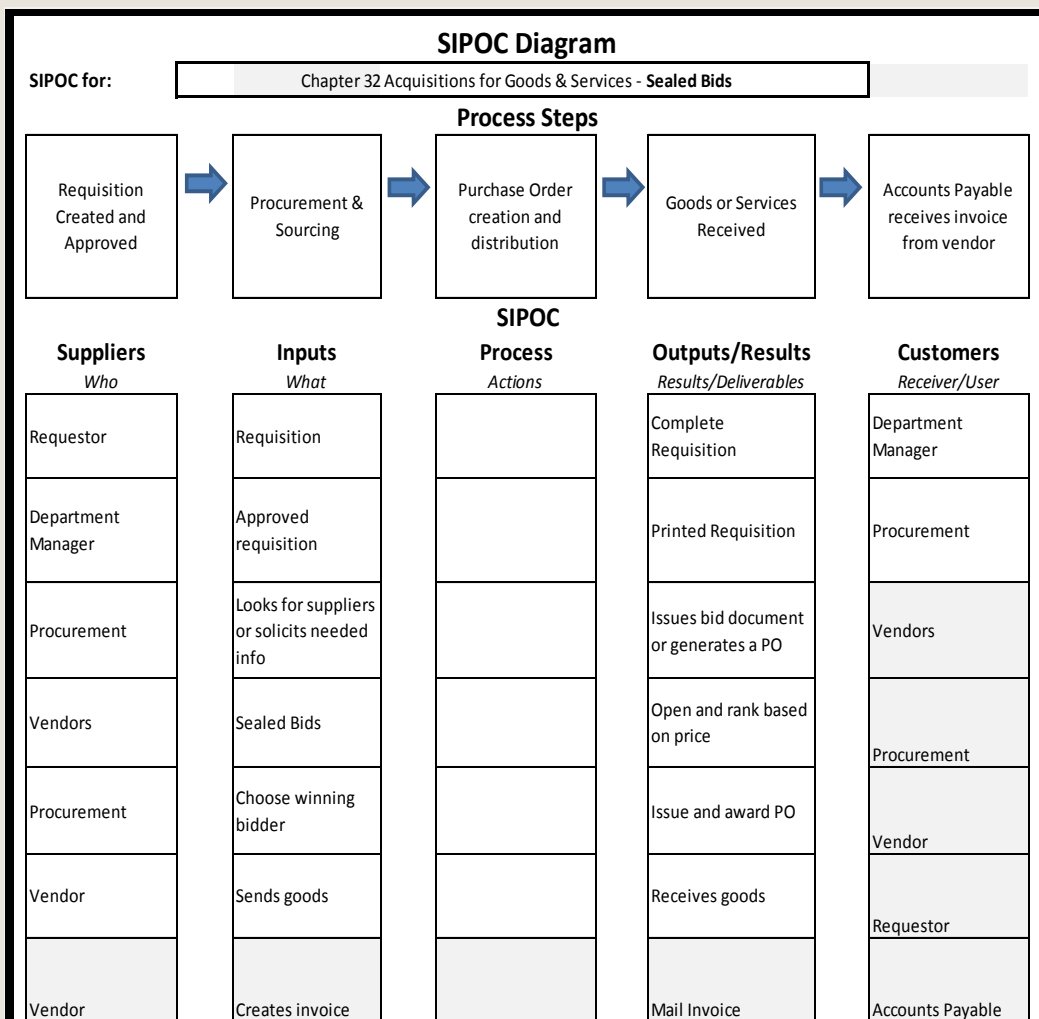
Project Goals and Objectives

Understand our "current state" metrics by collecting the time it takes create a purchase order (Date of request to Manager to Purchase Order creation). Determine how Procurement can add additional value to the process. Create a plan to consolidate pricing agreements with vendors. Free up time to work by streamlining the process to work on cost saving efforts. If time is available map the process for cooperative agreements.

Project Approval Signatures

Role	Project Sponsor	Project Leader		
Name	Pat Lee	Ayçe Chiappetta		
Division	DAS_Procurement	DAS_Performance, Strategy, Budget		

SIPOC



Current State Map



Customers



- Requestor primary customer in the process
- Department Manager
- Vendor
- Procurement
- Accounts Payable



8 Forms of Waste

1. Delay and Waiting
2. Over Processing
3. Over Production
4. Motion
5. Inventory
6. Transportation/Conveyance
7. Inspection, Correction, Rework
8. Lack of Participation and Innovation

Value Add, Cost Add & Waste



Value-Added:

an action that the customer is willing to pay for



Cost-Added:

Steps in the process that are required due to policy, computer requirements, & statutory requirements. They must be performed, but the customer doesn't recognize the value



Waste:

The 8 forms of waste





Current State Metrics

		Current Days*	Volume 2013	Volume 2013 %
Price Agreements		9.8	11,450	50.5%
Purchase Departmental	<i>less than \$2k</i>	10.0	9,425	41.6%
Discretionary	<i>\$2K-\$10k</i>	16.9	1,357	6.0%
Open Market	<i>\$10K-\$25K</i>	17.0	237	1.0%
Informal Sealed Bid	<i>\$25K-\$50K</i>	50.6	94	0.4%
Formal Sealed Bid	<i>over \$50K</i>	53.7	101	0.4%
		10.78	22,664	100.0%

* Time in days from identification of need to receipt of invoice

excludes: transit time of goods and wait time for invoice from the vendor



Works Well/Doesn't Work Well

Works Well

- Requestor involvement
- Workflow in procurement
- Following bidding ordinances
- Buyers are finding better prices and vendors
- Internal controls

Doesn't Work Well

- Requestors uninformed
- Wasted time
- Superfluous approvals
- Lack of trust
- Lack of training for requestors
- No standard practice
- Purchasing before recording
- Too much paper
- Travel time
- Departments unaware of services when they need to procure
- Analytics for procurement
- Lack of dashboards

(e mail)
 APP NOTIFICATION
 - APPROVAL
 - TRADE CIO 200
 BID (IMPROVE)

under process
 transparency

Training on
 Request for Proposals
 how to provide
 Procurement
 with what it
 needs a when to
 bid to process

Vendor /
 Soliciting
 Analytics
 transparency
 in ordering
 departments

P. CARD
 - Card
 - Request

ONLINE FORMS
 (eliminate paper)

1. USE OF
 e-signature
 (decision) for
 approvals

Standardize
 subject
 lines - often
 oriented
 for elec. filing
 and batching
 responses

Signature /
 Approval
 Transparency

Vendor ≠
 Searches
 Improved

Clean up
 vendor list -
 audit
 Standardize

Centralized
 Requisition
 followed by
 electronic routing
 back for approval

Buyer
 Setups -
 who are they?
 what connecting
 strategy for type

Standardize
 purchase
 request forms

Reassign approvals
 needed for
 purchase
 request forms

Intranet
 Training

Republish
 lists of contacts
 for purchasing

Notify vendors
 that requests
 have been
 approved

Start out
 forms instead
 printing
 hard signs

Transfer 3.
 Global
 responsibility
 to Procurement
 from Requestor

Buyer
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 for Buyer
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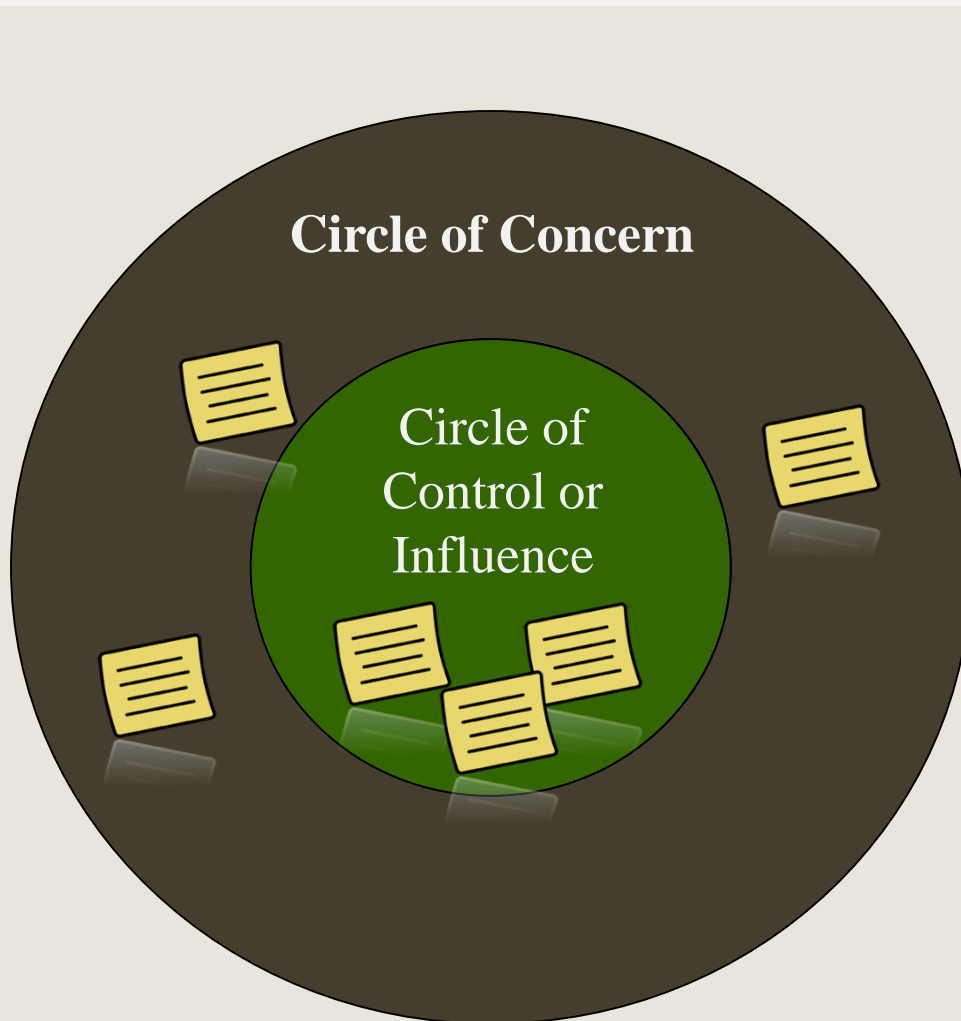
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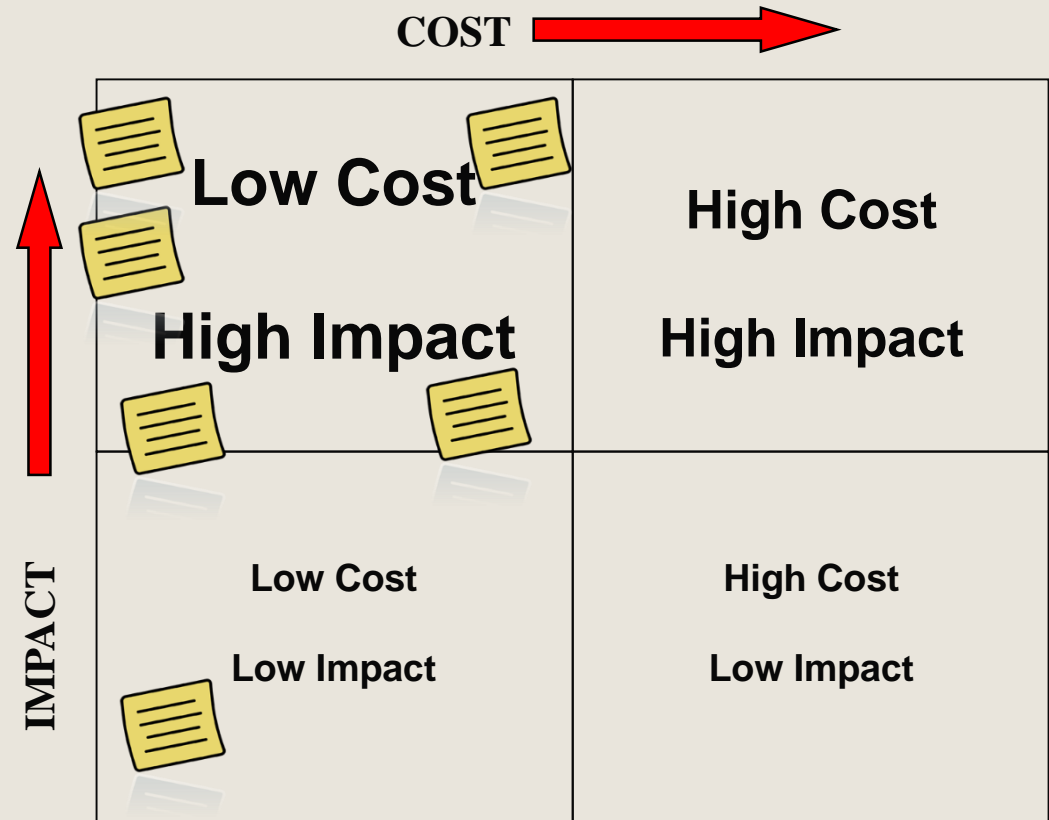
Covey's Circle

Assess which ideas are within our control to change



Impact Quadrant

Sorting ideas by impact and cost



Creating the Future State



Big Impact Ideas

1. Reduced number of Approval Steps
2. Less Paper
3. Less Transportation
4. Faster Process
5. Auto-Notification for Approvals; Improved, Relevant Communication
6. Implementation of DocuSign
7. Leverage E-Notify & the Procurement Website for Bidding
8. Training for requestor
9. Standardization of process
10. Adopt NIGP Codes



Ideal State: Leveraging E-Procurement

Current State

10.8 days

Paper heavy process

Long waits for approvals

Transportation of printed POs

Requestor uninformed until delivery

Department process established

No leverage in county spent

Knowledge burden on requestor

Future State

3.7 days

Less paper

Less wait for approvals

Less transportation of printed POs

Requestor uninformed until delivery

Department process streamlined

No leverage in county spent

Knowledge burden on requestor

Ideal State

Same day

Paperless

Auto notification

No transportation

Requestor informed: dashboards

Countywide standard process

Leverage county spent via catalogs

Procurement process transparent,
but less visible to the requestor

Out of Scope Ideas & Challenges



- No overnight processing (no batch process)
- Review of Ordinances to make the process more streamlined
- Develop a faster method of entering receivers
- Accounts Payable accepting electronic invoices
- Professional contracts
- P card
- Buyer accountability for purchases



Measured Improvements

		Current Days*	Future Days*	Change days	Change %	Volume 2013	Volume 2013 %
Price Agreements		9.8	3.2	-6.6	-67%	11,450	50.5%
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Formal Sealed Bid	<i>over \$50K</i>	53.7	35.1	-18.6	-35%	101	0.4%
		10.78	3.76	-7.02	-65%	22,664	100.0%

* Time in days from identification of need to receipt of invoice

excludes: transit time of goods and wait time for invoice from the vendor

Added Benefits with eProcurement:

- Leveraging county spent via price catalogs
- Paperless environment
- Same day POs
- Dashboard views
- Process transparent, but less visible to the requestor

Action Plan



Action	Responsibility	Due Date
1. Training Modules		
a. commodity codes	Eileen	11/30/2014
b. vendor numbers	Eileen	11/30/2014
c. procurement process (3 bid transfer to procurement)	Carsten	11/30/2014
d. financial training	Eileen	12/31/2014
e. OnBase	Lynn	11/30/2014
2. Implement/Expand Use of Docusign	Stephanie	12/31/2014
3. Update and implement e-form for vendor	Milena	11/1/2014
4. Create new standardized form	Karen/Laura	9/30/2014
5. Document new process	Al	9/30/2014
6. Reporting Analysis Project Team	Ayçe	12/31/2014
a. Develop a systematic approach for institution-wide spend analysis (proactive management of suppliers)		
b. Develop methodology to measure savings, bottlenecks in the process, etc		
c. Dashboards/Reporting		
d. Review of data points (vendors, commodity codes)		
7. Automatic sorting and electronic distribution of purchasing records and implement ebid	Carsten	11/15/2014
8. Implement OnBase for electronic distribution of procurement documents	Lynn	11/15/2014
9. Email notice of intent	Carsten	9/18/2014
10. Set County standards for minimum approval levels	Pat	12/31/2014

What We Have Learned



Questions & Answers

